

Message Text

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15
ORIGIN ARA-10

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USDA/FAS/ITP:GWHITE
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ARA/ECP:WBURSON
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FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA PRIORITY
INFO AMEMBASSY TOKYO
AMCONSUL SAO PAULO
AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: EPAP, ETRD, BR

SUBJECT: ALLEGED US PRESSURES ON JAPAN RE BRAZILIAN
SOYBEANS
REF: BRASILIA 7967

1. WE ARE UNABLE TO LOCATE ARTICLE IN "JOURNAL OF
COMMERCE" REFERRED TO IN "GAZETA MERCANTIL," NOR IS USDA
(ERS AND FAS) AWARE OF ANY REPORT PUBLISHED BY USDA SIMILAR
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TO THAT QUOTED IN BRAZILIAN PRESS. MOREOVER WE ARE NOT

AWARE THAT US SOYBEAN PRODUCERS ARE SERIOUSLY CONCERNED OVER JAPANESE INVESTMENTS IN BRAZILIAN SOYBEAN SECTOR.

2. EMBASSY MAY WISH TO INFORMALLY CONVEY FOREGOING TO GOB OFFICIALS CONCERNED AND ADD THAT USG HAS NO INTENTION OF INTERFERING IN ANY WAY WITH THIRD-COUNTRY INVESTMENT IN BRAZIL'S AGRI-BURINESS SECTOR, INCLUDING SOYBEANS. US EFFORTS TO COMPETE WITH OTHER SUPPLIERS OF SOYBEAN PRODUCTS TO JAPAN WILL REMAIN MARKET-ORIENTED.

3. BUTZ-ABE UNDERSTANDING OF AUGUST 1975 CONTAINS NO BINDING COMMITMENT FOR EITHER PARTY; IT REFERS ONLY TO TARGET LEVELS OF US-JAPAN TRADE IN SOYBEAN PRODUCTS. THIS INFORMAL UNDERSTANDING IS SUPPORTED ONLY BY A JOINT PRESS RELEASE OF AUGUST 12 (REPEATED TO YOU FASTO 162 OF 2 SEPT 1976) AND BUTZ-ABE LETTER OF NOV 7, 1975,

TEXT OF WHICH CONTAINED PARA 4 BELOW. (EMBASSY MAY PROVIDE GOB OFFICIALS TEXT OF LETTER, BUT USDA PREFERS IT NOT BE RELEASED TO MEDIA PER SE).

4. BEGIN TEXT: "DEAR MR. MINISTER: SINCE MY MEETING WITH YOU HERE IN WASHINGTON IN EARLY AUGUST, IT HAS BEEN SUGGESTED BOTH BY MEMBERS OF MY STAFF AND BY MEMBERS OF YOUR MINISTRY THAT IT WOULD BE APPROPRIATE TO CONFIRM IN WRITING THE UNDERSTANDING WHICH WAS REACHED DURING THE COURSE OF OUR DISCUSSIONS ON AUGUST 12 WITH RESPECT TO GRAINS AND SOYBEANS. SUCH CONFIRMATION, THEREFORE, IS THE PURPOSE OF THIS LETTER.

AS WAS REPORTED PUBLICLY BY MY DEPARTMENT IN A NEWS RELEASE OF AUGUST 12 OUR SUMMARY OF THE MAIN POINTS OF AGREE-MENT WAS THAT OUR TWO NATIONS WOULD COOPERATE CLOSELY IN MAXIMIZING US EFFECTIVENESS IN MEETING JAPAN'S IMPORT NEEDS OF US AGRICULTURAL PRODUCTS. JAPAN RECOMMENDED THE ESTABLISHMENT OF TRADE TARGETS FOR THE COMING THREE YEARS FOR GRAINS AND SOYBEANS WITH SPECIFIC QUANTITY GOALS TO BE REVIEWED AT LEAST ANNUALLY BETWEEN THE TWO COUNTRIES. THE APPROXIMATE ANNUAL QUANTITIES SUGGESTED BY JAPAN WERE 3 MILLION METRIC TONS OF WHEAT, 8 MILLION LIMITED OFFICIAL USE

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METRIC TONS OF GRAIN FOR FEEDING AND 3 MILLION METRIC TONS OF SOYBEANS.

AS I INDICATED IN OUR MEETING OF AUGUST 12, WE APPRECIATE AND ACCEPT THIS CLEAR INDICATION OF JAPAN'S REQUIREMENTS FOR US GRAINS AND SOYBEANS FOR THE COMING THREE YEARS. SUCH INDICATIONS WILL HELP THE US TO MORE EASILY MEET THE NEEDS OF TRADITIONAL CUSTOMERS. THE US EXPECTS AND

FULLY INTENDS TO BE ABLE TO SUPPLY TO JAPAN THE ANNUAL
QUANTITIES SPECIFIED ABOVE.
SINCERELY. SIGNED EARL L. BUTZ."

KISSINGER

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